

UNITED STATES DEPARTMENT OF AGRICULTURE

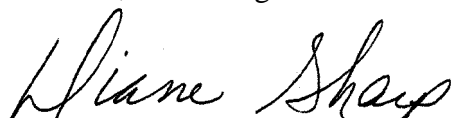
Farm Service Agency
Washington, DC 20250

Notice DCP-7

For: State Offices and Service Centers

2002 Crop Year Fruit and Vegetable (FAV) and Wild Rice Exception

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Background

The planting of FAV's on production flexibility contract (PFC) acreage is prohibited unless 1 of the exceptions in 1-PF, Part 4 apply.

Note: FAV's may be planted without restriction on non-PFC acreage of a farm.

Section 1101 of the Farm Security and Rural Investment Act of 2002 (the Act) provides for establishing base acres for a farm. PFC acreage will be replaced or updated to base acres for the purposes of 2002 through 2007 Direct and Counter-Cyclical Program (DCP). The amount of base acres established for a farm could exceed the amount of PFC acreage on the farm.

Sections 1103 and 1104 of the Act provide for the availability of direct and counter-cyclical payments respectively. Direct and counter-cyclical payments shall be calculated on 85 percent of the base acres established for the farm.

Section 1106(d) of the Act provides that for the 2002 crop year only, the harvesting of wild rice, fruits, or vegetables on DCP base acreage that exceeds the 2002 PFC acreage (excess base acreage) shall **not** be considered a violation of the planting flexibility provisions. However, direct and counter-cyclical payments for the 2002 crop year shall be reduced on the farm by an acre for each acre of the excess base acres planted to wild rice, fruits, or vegetables.

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Disposal Date

January 1, 2003

Distribution

State Offices; State Offices relay to Service Centers

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1 Overview (Continued)

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Purpose

This notice provides:

- State Offices and Service Centers with a definition needed to administer the 2002 crop year FAV and wild rice exception provided in Section 1106(d) of the Act
- information about the 2002 crop year FAV and wild rice exception
- examples of the 2002 crop year FAV and wild rice exception.

Additional information about the Act, including information about calculating base acres, direct and counter-cyclical payments, and further information about planting flexibility as it relates to FAV's and wild rice, will be provided in future directives.

2 Definition for Administering 2002 Crop Year FAV and Wild Rice Exception

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Definition of Excess Base Acreage

Excess base acreage means the number of base acres on the farm established under DCP that exceeds the total 2002 PFC acres on the farm.

Note: This definition is applicable to the 2002 crop year FAV and wild rice exception **only**.

Example: In 2002, there were 350.2 PFC acres on farm serial number (FSN) 98.
As a result of DCP, 425.7 base acres are established on FSN 98.
Excess base acreage on FSN 98 is 75.5 ($425.7 - 350.2 = 75.5$).

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3 2002 Crop Year FAV and Wild Rice Exception

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2002 Exception

Section 1106(d) of the Act provides that for the 2002 crop year only, the planting of FAV's and wild rice on base acreage established under DCP that exceed the 2002 PFC acreage for the farm (excess base acreage):

- is **not** prohibited
- shall result in a reduction of the 2002 direct and counter-cyclical payments for the farm by an acre for each acre of the excess base acres planted to wild rice, fruits, or vegetables.

The 2002 FAV and wild rice exception:

- is for the 2002 crop year only
- applies to FAV's and wild rice planted on excess base acreage only
- does **not** change the rules on planting of FAV's or wild rice on 2002 PFC acreage that later may become base acreage.

Note: Forthcoming procedure will provide instructions to calculate and process the payment reductions.

4 Examples of 2002 Crop Year FAV and Wild Rice Exception

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Example 1

Situation:

Under the Agricultural Market Transition Act (AMTA), FSN 1000 has 201.4 acres of cropland with the following:

- 80.5 acres of wheat contract acreage
- 80.9 acres of corn contract acreage
- 40.0 acres of noncontract acreage.

Under the Act, FSN 1000 has 201.4 acres of cropland with the following:

- 80.5 acres of wheat base acres
 - 80.9 acres of corn base acres
 - 40.0 acres of soybean base acres.
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4 Examples of 2002 Crop Year FAV and Wild Rice Exception (Continued)

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Example 1 (Continued)

Joe Black enrolls all 201.4 acres of base acres in a 2002 DCP contract. The 2002 base acres exceed the 2002 PFC acres by 40.0 acres (201.4 total base acres - 161.4 2002 PFC acres = 40.0 excess base acreage).

Neither the farm nor producer has a FAV history.

For the 2002 crop year, Mr. Black plants 161.4 acres of soybeans and 40.0 acres of potatoes.

Result:

There is no FAV or wild rice planting violation in this example because the 40.0 acres of FAV (potatoes) are planted on the excess base acreage on the farm. For 2002 only, direct and counter-cyclical payment acres for the farm will be reduced by 40.0 acres.

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Example 2

Situation:

Under AMTA, FSN 2000 has 201.4 acres of cropland with the following:

- 80.5 acres of wheat contract acreage
- 80.9 acres of corn contract acreage
- 40.0 acres of noncontract acreage.

Under the Act, FSN 2000 has 201.4 acres of cropland with the following:

- 80.5 acres of wheat base acres
- 80.9 acres of corn base acres
- 40.0 acres of soybean base acres.

Mary Green enrolls all 201.4 acres of base acres in a 2002 DCP contract. The 2002 base acres exceed the 2002 PFC acres by 40.0 acres (201.4 total base acres - 161.4 2002 PFC acres = 40.0 excess base acreage).

Neither the farm nor producer has a FAV history.

For the 2002 crop year, Mrs. Green plants 150.0 acres of soybeans and 51.4 acres of potatoes.

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4 Examples of 2002 Crop Year FAV and Wild Rice Exception (Continued)

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Example 2 (Continued)

Result:

Mrs. Green is in violation of the FAV prohibition on 11.4 acres. The FAV planting violations according to 4-CP shall apply to the 11.4 acres of FAV (potatoes) planted on nonexcess base acreage (formally PFC acres).

There is no FAV or wild rice planting violation for the 40.0 acres of FAV (potatoes) planted on the excess base acreage on the farm. However, the 2002 direct and counter-cyclical payment acres for the farm will be reduced by 40.0 acres.

Note: The 2002 FAV and wild rice exception applies only to excess base acreage on the farm.

5 Action

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Service Center Action

Service Centers shall:

- inform producers of the 2002 crop year FAV and wild rice exception
 - follow provisions in forthcoming procedure to assess direct and counter-cyclical payment reductions for 2002 FAV and wild rice plantings on excess base acreage
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State Office Action

State Offices shall ensure that Service Centers understand and follow the policy and procedure provided in this notice.
